

## **GOPRO ANNOUNCES TRADE-UP PROGRAM**

GoPro recently announced its new Trade-Up program that will allow current GoPro owners to trade in their earlier generation Hero cameras in exchange for \$100 off of the Hero 5 Black, and \$50 off of the Hero 5 Sessions cameras.

The move comes amidst the company's 2016 financial struggles that show them losing over \$370 million. Mostly due to a major recall of its \$799 Karma Drone that was said to cut off in mid flight due to power lose. However, in stark contrast, the GoPro Hero 5 Black and the Hero 5 Sessions were the number one and two cameras in sales for their category.

So it must have been a bit disconcerting to company shareholders that GoPro had to layoff 270 employees last month. Some attribute GoPro's profit turning woes to incentives related to recycling and reduced cost. But it doesn't seem like these two items can be the sole culprits if you were to factor in Hero 5 Black and Hero Sessions' sales success in 2016.

Could it be that the company is being mismanaged? It was not long ago that GoPro was being touted as the next big thing in action, underwater, and aerial videos. So much so, that even Hollywood began to actively use GoPro footage in their television shows and movie productions.

The GoPro became a cheaper method to capture underwater video, wide angled aerial shots, or used as an on-person attachment to capture their reactions or perspectives. Under the proper lighting conditions, of course. So what went wrong? For starters, the GoPro market was, and still is, a niche camera market. It didn't take other companies long to catch up to the technology, and begin to launch their own similar action video products. This could have been the writing on the wall for GoPro to make some adjustments to their revenue model, and eventually they did.

Particularly in the drone category, where companies once accommodated the use GoPro cameras on their drones, began to make cameras for their own drones. Mainly, Chinese based company DJI, the largest consumer drone supplier in the world, and the same company GoPro tried to partner with on a branded GoPro drone using DJI's technology in 2014. Eventually GoPro conceded to developing their own drone, after another branded drone opportunity using 3D Robotics' flight controllers came to a halt when the company failed to meet GoPro's 2016 deadline.

One thing is certain, GoPro is scrambling to stay relevant in the action video market. Sales from the GoPro Karma Drone, re-released in February of 2017, and release of the Hero 6 later this year, will be deciding factors in GoPro's future success. The question still remains, is it just another case of too little too late? Or was the posthaste manner in which GoPro rushed to develop a drone brand of their own, ultimately creating the massive recall that sabotaged their 2016 earnings, too much to recover from? Since GoPro became a public traded company in 2014 it has been an uphill battle for them to stay in the black.

The GoPro Karma currently awaits the verdict of drone consumers to determine whether or not it will be a successful endeavor. It was Hollywood who helped to give GoPro validation as a camera company, beyond just being a novelty camera for surfers, skydivers, and other extreme sports enthusiasts. And with industry trade shows like Cine Gear Expo soon approaching, maybe it will be Hollywood once again offering validation to a company that surely can use some consumer reassurance.

In the interim, if you would like to take advantage of GoPro's new Trade-Up Program, now is a good time to pull out that old GoPro Hero that has been collecting dust, and trade it up for the one you said you would buy if it were only \$100 cheaper. After all, GoPro image quality and design innovation has never been an issue.

Now, if GoPro can just get their management team on the same page, 2017 may bring the company some much-needed good Karma.